

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Pittsfield Charter Township	County Washtenaw
Fiscal Year End 12-31-2007	Opinion Date 4-22-2008	Date Audit Report Submitted to State June 6, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).




Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	not required	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel of Plymouth LLP		Telephone Number 734-453-8770	
Street Address 1034 West Ann Arbor Trail		City Plymouth	State MI
		Zip 48170	
Authorizing CPA Signature 		Printed Name Rana M. Emmons, CPA	
		License Number 1101022716	

**PITTSFIELD CHARTER TOWNSHIP
Washtenaw County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2007**

PITTSFIELD CHARTER TOWNSHIP
For the Year Ended December 31, 2007

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PITTSFIELD CHARTER TOWNSHIP
For the Year Ended December 31, 2007

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FINANCIAL SECTION

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Independent Auditor's Report

April 22, 2008

To the Board of Trustees
Pittsfield Charter Township
Ann Arbor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pittsfield Charter Township, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pittsfield Charter Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pittsfield Charter Township as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Pittsfield Charter Township, Michigan
April 22, 2008

The management's discussion and analysis and the defined benefit pension plans trend information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pittsfield Charter Township's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz and Ziel of Plymouth". The signature is written in a cursive, flowing style.

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of Pittsfield Charter Township, we offer readers of Pittsfield Charter Township's financial statements this narrative overview and analysis of the financial activities of Pittsfield Charter Township for the fiscal year ended December 31, 2007.

Financial Highlights

- The assets of Pittsfield Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$68,558,855 (*net assets*). Of this amount, \$23,151,322 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Pittsfield Charter Township's governmental funds reported combined ending fund balances of \$14,241,547, a decrease of \$2,603,905 in comparison with the prior year (a result of significant capital expenditures). Approximately 91 percent of this amount, \$12,932,780 is *available for spending* at the government's discretion (*unreserved fund balance*).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pittsfield Charter Township's basic financial statements. Pittsfield Charter Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Pittsfield Charter Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Pittsfield Charter Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Pittsfield Charter Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Pittsfield Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Pittsfield Charter Township include general government, public safety, highways and streets, sanitation, and recreation and culture. The business-type activities of Pittsfield Charter Township include the water and sewer system.

The government-wide financial statements include not only Pittsfield Charter Township itself (known as the *primary government*), but also the Pittsfield Charter Township Economic Development Authority and the Pittsfield Charter Township Housing Commission which are separate legal entities for which Pittsfield Charter Township is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 10-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pittsfield Charter Township, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Pittsfield Charter Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Pittsfield Charter Township maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Public Safety Special Revenue Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Budgetary comparison statements have been provided for the General Fund and the Public Safety Special Revenue Fund to demonstrate compliance with the annual appropriated budgets.

Proprietary funds. Pittsfield Charter Township maintains a proprietary fund which is classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Pittsfield Charter Township used enterprise funds to account for its water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, which is considered to be a major fund of Pittsfield Charter Township.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Pittsfield Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes information concerning Pittsfield Charter Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 40-43 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 44-55 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Pittsfield Charter Township, assets exceeded liabilities by \$68,558,855 at the close of the most recent fiscal year.

By far the largest portion of Pittsfield Charter Township's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Pittsfield Charter Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Pittsfield Charter Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Pittsfield Charter Township's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 17,941,036	\$ 20,844,269	\$ 13,520,157	\$ 13,564,933	\$ 31,461,193	\$ 34,409,202
Capital Assets	30,496,714	25,089,384	30,062,206	29,688,261	60,558,920	54,777,645
Total Assets	48,437,750	45,933,653	43,582,363	43,253,194	92,020,113	89,186,847
Long-term Liabilities						
Outstanding	9,743,854	9,951,724	7,746,500	8,001,500	17,490,354	17,953,224
Other Liabilities	3,699,489	3,998,498	2,271,415	2,376,235	5,970,904	6,374,733
Total Liabilities	13,443,343	13,950,222	10,017,915	10,377,735	23,461,258	24,327,957
Net Assets:						
Invested in Capital Assets, net of related debt	21,783,060	15,137,660	22,315,706	21,686,761	44,098,766	36,824,421
Restricted	1,308,767	1,486,642	-	-	1,308,767	1,486,642
Unrestricted	11,902,580	15,359,129	11,248,742	11,188,698	23,151,322	26,547,827
Total Net Assets	\$ 34,994,407	\$ 31,983,431	\$ 33,564,448	\$ 32,875,459	\$ 68,558,855	\$ 64,858,890

An additional portion of Pittsfield Charter Township's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$23,151,322) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Pittsfield Charter Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Township's net assets increased by \$3,699,965 during the current fiscal year.

Governmental activities. Governmental activities increased Pittsfield Charter Township's net assets by \$3,010,976. Property taxes increased \$638,484 as a result of increased property values and new construction. Also, a significant rise in interest rates translated to a \$112,692 increase in investment earnings.

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	\$ 3,466,008	\$ 3,150,270	\$ 9,314,032	\$ 8,155,670	\$ 12,780,040	\$ 11,305,940
Operating Grants & Contributions	319,314	276,201	-	-	319,314	276,201
Capital Grants & Contributions	1,248,278	725,334	293,706	425,862	1,541,984	1,151,196
General Revenues:						
Property Taxes	9,040,019	8,401,535	-	-	9,040,019	8,401,535
State Shared Revenues	2,113,251	2,139,405	-	-	2,113,251	2,139,405
Unrestricted Investment Earnings	1,215,508	1,102,816	611,868	579,985	1,827,376	1,682,801
Other	398,908	366,197	-	-	398,908	366,197
Total Revenues	17,801,286	16,161,758	10,219,606	9,161,517	28,020,892	25,323,275
Program Expenses						
General Government	3,704,845	4,021,063	-	-	3,704,845	4,021,063
Public Safety	7,674,377	6,521,746	-	-	7,674,377	6,521,746
Planning and Zoning	360,737	362,701	-	-	360,737	362,701
Public Works	1,903,279	1,848,223	-	-	1,903,279	1,848,223
Recreation and Cultural	717,334	654,427	-	-	717,334	654,427
Interest on Long-Term Debt	429,738	466,614	-	-	429,738	466,614
Water and Sewer	-	-	9,530,617	8,519,813	9,530,617	8,519,813
Total Expenses	14,790,310	13,874,774	9,530,617	8,519,813	24,320,927	22,394,587
Change in Net Assets	\$ 3,010,976	\$ 2,286,984	\$ 688,989	\$ 641,704	\$ 3,699,965	\$ 2,928,688

Business-type activities. Business-type activities increased Pittsfield Charter Township's net assets by \$688,989, which includes \$293,706 of capital contributions in the current year.

Financial Analysis of the Government's Funds

As noted earlier, Pittsfield Charter Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Pittsfield Charter Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Pittsfield Charter Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Pittsfield Charter Township's governmental funds reported combined ending fund balances of \$14,241,547, a decrease of \$2,603,905 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 91% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements (\$1,308,767).

The general fund is the chief operating fund of Pittsfield Charter Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,758,618, while total fund balance was \$4,801,496. As a measure of the general funds' liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 27.5 percent of total general fund expenditures, while total fund balance represents 27.7 percent of that same amount.

The fund balance of Pittsfield Charter Township's general fund decreased by \$4,038,913 during the current fiscal year. The key factor in this decrease is the purchase of 4 properties by the Township totaling approximately \$6,000,000, of which approximately \$750,000 of the land was donated to the Township.

Proprietary funds. Pittsfield Charter Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$11,248,742. Other factors concerning the finances of this fund have already been addressed in the discussion of Pittsfield Charter Township's business-type activities.

General Fund Budgetary Highlights

Most amendments to the budget during the year were simply redistributions between departments. The difference between the original budget and the final amended budget was \$6,069,908, which was amended for the purchase of four properties.

Capital Asset and Debt Administration

Capital assets. Pittsfield Charter Township's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$60,558,920 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The total increase in Pittsfield Charter Township's investment in capital assets for the current fiscal year was 10.6 percent (a 21.6 percent increase for governmental activities and a 1.3 percent increase for business-type activities).

Long-term debt. At the end of the current fiscal year, Pittsfield Charter Township had total bonded debt outstanding of \$9,530,000, \$1,059,221 of contracts payable, and \$5,964,433 of installment loans payable. All of Pittsfield Charter Township's debt represents general obligation debt backed by the full faith and credit of Pittsfield Charter Township.

- Pittsfield Charter Township's total debt decreased by \$467,870 (2.6 percent), during the current fiscal year. Also, during 2007, the Township entered into an installment purchase agreement for a property in the amount of \$594,433 to be paid over the next 2 years with no interest.

Additional information on Pittsfield Charter Township's long-term debt can be found in note IV. D. on pages 35-36 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state shared revenues. State shared revenues are expected to remain frozen in the 2007-2008 fiscal year and the Township budgeted for a decrease in state shared revenue. Pittsfield Charter Township has kept its general operating millage rate constant for the last 4 years and is still below what is allowable to be levied under the Headlee Amendment, and has presented a balanced budget in the 2008 fiscal year.

Along with the increasing population, the Township is anticipating more demand for parks and recreation services, and is acquiring and developing park land where appropriate to better serve the residents.

The Water and Sewer Fund rates were increased for the 2008 budget year. The water and sewer rates were increased for all customers effective December 1, 2007. This rate increase was necessary to cover the rate increases passed on by the Township's water and sewer suppliers.

Requests for Information

This financial report is designed to provide a general overview of Pittsfield Charter Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 6201 W. Michigan Avenue, Ann Arbor, Michigan 48108.

BASIC FINANCIAL STATEMENTS

PITTSFIELD CHARTER TOWNSHIP

Statement of Net Assets

December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 14,790,997	\$ 7,090,845	\$ 21,881,842	\$ 130,667
Receivables (net of allowance for uncollectibles):				
Accounts	596,286	520,372	1,116,658	-
Special Assessments	2,340,627	-	2,340,627	-
Due from Other Funds	87,863	-	87,863	-
Due from Component Units	102,362	-	102,362	-
Inventory	-	167,426	167,426	-
Prepaid Expenditures	22,901	54,908	77,809	-
Restricted Assets - Cash and Cash Equivalents	-	5,686,606	5,686,606	-
Capital Assets (Net of Accumulated Depreciation)	30,496,714	30,062,206	60,558,920	-
Total Assets	<u>48,437,750</u>	<u>43,582,363</u>	<u>92,020,113</u>	<u>130,667</u>
<u>LIABILITIES</u>				
Accounts Payable	492,482	1,729,280	2,221,762	-
Accrued Liabilities	169,806	382,887	552,693	18,770
Due to Primary Government	-	-	-	102,362
Due to Other Funds	-	87,863	87,863	-
Due to Other Governmental Units	55,606	71,385	126,991	-
Deferred Revenue	2,472,315	-	2,472,315	-
Other	509,280	-	509,280	-
Noncurrent Liabilities:				
Due within one year	1,198,802	275,000	1,473,802	-
Due in more than one year	8,545,052	7,471,500	16,016,552	-
Total Liabilities	<u>13,443,343</u>	<u>10,017,915</u>	<u>23,461,258</u>	<u>121,132</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	21,783,060	22,315,706	44,098,766	-
Restricted for:				
Capital Projects	85,451	-	85,451	-
Debt Service	1,130,355	-	1,130,355	-
Other	92,961	-	92,961	-
Unrestricted	11,902,580	11,248,742	23,151,322	9,535
Total Net Assets	<u>\$ 34,994,407</u>	<u>\$ 33,564,448</u>	<u>\$ 68,558,855</u>	<u>\$ 9,535</u>

PITTSFIELD CHARTER TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 3,704,845	\$ 2,354,703	\$ 7,788	\$ 748,350
Public Safety	7,674,377	678,607	311,526	-
Planning and Zoning	360,737	-	-	-
Public Works	1,903,279	260,523	-	499,928
Recreation and Cultural	717,334	172,175	-	-
Interest on Long-Term Debt	429,738	-	-	-
Total Governmental Activities	<u>14,790,310</u>	<u>3,466,008</u>	<u>319,314</u>	<u>1,248,278</u>
Business-type Activities:				
Water and Sewer	<u>9,530,617</u>	<u>9,314,032</u>	<u>-</u>	<u>293,706</u>
Total Primary Government	<u>\$ 24,320,927</u>	<u>\$ 12,780,040</u>	<u>\$ 319,314</u>	<u>\$ 1,541,984</u>
 Component Units	 \$ <u>602,191</u>	 \$ <u>-</u>	 \$ <u>593,020</u>	 \$ <u>-</u>

General Revenues:
Property Taxes
State Shared Revenue
Cable Franchise Fees
Unrestricted Investment Earnings
Total General Revenues

Change in Net Assets
Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (594,004)	\$ -	\$ (594,004)	\$ -
(6,684,244)	-	(6,684,244)	-
(360,737)	-	(360,737)	-
(1,142,828)	-	(1,142,828)	-
(545,159)	-	(545,159)	-
(429,738)	-	(429,738)	-
<u>(9,756,710)</u>	<u>-</u>	<u>(9,756,710)</u>	<u>-</u>
-	77,121	77,121	-
<u>(9,756,710)</u>	<u>77,121</u>	<u>(9,679,589)</u>	<u>-</u>
-	-	-	(9,171)
9,040,019	-	9,040,019	-
2,113,251	-	2,113,251	-
398,908	-	398,908	-
1,215,508	611,868	1,827,376	5,683
<u>12,767,686</u>	<u>611,868</u>	<u>13,379,554</u>	<u>5,683</u>
3,010,976	688,989	3,699,965	(3,488)
<u>31,983,431</u>	<u>32,875,459</u>	<u>64,858,890</u>	<u>13,023</u>
<u>\$ 34,994,407</u>	<u>\$ 33,564,448</u>	<u>\$ 68,558,855</u>	<u>\$ 9,535</u>

PITTSFIELD CHARTER TOWNSHIP

Balance Sheet
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 5,148,608	\$ 4,913,203	\$ 4,729,186	\$ 14,790,997
Receivables (net of allowance for uncollectibles):				
Accounts	540,916	-	55,370	596,286
Special Assessments	-	-	2,340,627	2,340,627
Due from Other Funds	182,128	-	87,863	269,991
Due from Component Unit	102,362	-	-	102,362
Prepaid Expenditures	<u>21,789</u>	<u>979</u>	<u>133</u>	<u>22,901</u>
Total Assets	<u>\$ 5,995,803</u>	<u>\$ 4,914,182</u>	<u>\$ 7,213,179</u>	<u>\$ 18,123,164</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 357,807	\$ 5,272	\$ 129,403	\$ 492,482
Accrued and Other Liabilities	147,504	17,304	4,998	169,806
Due to Other Funds	-	-	182,128	182,128
Due to Other Governmental Units	55,606	-	-	55,606
Deferred Revenue	131,688	-	2,340,627	2,472,315
Other	<u>501,702</u>	<u>-</u>	<u>7,578</u>	<u>509,280</u>
Total Liabilities	<u>1,194,307</u>	<u>22,576</u>	<u>2,664,734</u>	<u>3,881,617</u>
Fund Balances:				
Reserved for:				
Capital Projects	-	-	85,451	85,451
Debt Service	-	-	1,130,355	1,130,355
Other	42,878	-	50,083	92,961
Unreserved for:				
General Fund	4,758,618	-	-	4,758,618
Special Revenue Funds	<u>-</u>	<u>4,891,606</u>	<u>3,282,556</u>	<u>8,174,162</u>
Total Fund Balances	<u>4,801,496</u>	<u>4,891,606</u>	<u>4,548,445</u>	<u>14,241,547</u>
Total Liabilities and Fund Balances	<u>\$ 5,995,803</u>	<u>\$ 4,914,182</u>	<u>\$ 7,213,179</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

30,496,714

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(9,743,854)

Net Assets of Governmental Activities

\$ 34,994,407

PITTSFIELD CHARTER TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	<u>General</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Property Taxes	\$ 6,471,030	\$ 1,725,820	\$ 843,169	\$ 9,040,019
Licenses and Permits	102,889	-	381,275	484,164
Intergovernmental:				
Federal, State and Local	2,180,513	-	-	2,180,513
Charges for Services	1,088,913	-	947,047	2,035,960
Franchise Fees	398,908	-	-	398,908
Fines and Forfeitures	136,941	-	-	136,941
Special Assessments	-	-	499,928	499,928
Interest	798,583	234,590	182,335	1,215,508
Other	1,530,691	-	278,654	1,809,345
Total Revenues	<u>12,708,468</u>	<u>1,960,410</u>	<u>3,132,408</u>	<u>17,801,286</u>
<u>Expenditures</u>				
Current:				
General Government	1,928,139	-	-	1,928,139
Public Safety	5,958,382	716,812	425,714	7,100,908
Planning and Zoning	360,254	-	-	360,254
Public Works	477,685	-	976,256	1,453,941
Recreation and Cultural	631,041	-	33,229	664,270
Other	1,467,869	-	187,280	1,655,149
Debt Service:				
Principal	180,000	-	716,585	896,585
Interest and Other Charges	118,614	-	311,124	429,738
Capital Outlay	6,202,818	84,089	223,733	6,510,640
Total Expenditures	<u>17,324,802</u>	<u>800,901</u>	<u>2,873,921</u>	<u>20,999,624</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,616,334)</u>	<u>1,159,509</u>	<u>258,487</u>	<u>(3,198,338)</u>
<u>Other Financing Sources (Uses)</u>				
Loan Proceeds	594,433	-	-	594,433
Transfers In	-	-	17,012	17,012
Transfers Out	(17,012)	-	-	(17,012)
Total Other Financing Sources and Uses	<u>577,421</u>	<u>-</u>	<u>17,012</u>	<u>594,433</u>
Net Change in Fund Balances	(4,038,913)	1,159,509	275,499	(2,603,905)
Fund Balances - Beginning	<u>8,840,409</u>	<u>3,732,097</u>	<u>4,272,946</u>	<u>16,845,452</u>
Fund Balances - Ending	<u>\$ 4,801,496</u>	<u>\$ 4,891,606</u>	<u>\$ 4,548,445</u>	<u>\$ 14,241,547</u>

PITTSFIELD CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,603,905)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,407,330
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Dissolution of Building Authority	(319)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>207,870</u>
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Change in net assets in governmental activities	\$ <u><u>3,010,976</u></u>
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PITTSFIELD CHARTER TOWNSHIP

Balance Sheet
Proprietary Funds
December 31, 2007

		Business Type Activity Enterprise Fund	Water and Sewer Fund
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$	7,090,845	
Accounts Receivable		520,372	
Inventory		167,426	
Prepaid Expense		54,908	
Total Current Assets		<u>7,833,551</u>	
Restricted Assets - Cash			<u>5,686,606</u>
Property, Plant and Equipment		43,356,383	
Less: Accumulated Depreciation		<u>(13,294,177)</u>	
Net Property, Plant and Equipment		<u>30,062,206</u>	
Total Assets	\$	<u><u>43,582,363</u></u>	
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	\$	1,729,280	
Accrued Liabilities		321,588	
Contracts Payable		61,299	
Due to Other Funds		87,863	
Due to Other Governmental Units		71,385	
Total Current Liabilities (Payable from Current Assets)		<u>2,271,415</u>	
Current Liabilities (Payable from Restricted Assets):			
Bonds Payable			<u>275,000</u>
Long-Term Liabilities (Payable from Restricted Assets):			
Bonds Payable (net of unamortized discount)			<u>7,471,500</u>
Equity:			
Invested in Capital Assets, Net of Related Debt		22,315,706	
Unrestricted		<u>11,248,742</u>	
Total Equity		<u>33,564,448</u>	
Total Liabilities and Equity	\$	<u><u>43,582,363</u></u>	

PITTSFIELD CHARTER TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Equity
Proprietary Funds
For the Year Ended December 31, 2007

	<u>Business Type Activity Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Operating Revenues:</u>	
Charges for Services	\$ 9,293,688
Other Income	20,344
Total Operating Revenues	<u>9,314,032</u>
<u>Operating Expenses:</u>	
Cost of Sales	7,076,153
Personnel Services	608,139
Supplies, Repairs, Insurance and Other Expenses	744,650
Depreciation and Amortization	795,467
Total Operating Expenses	<u>9,224,409</u>
Operating Income (Loss)	<u>89,623</u>
<u>Non-Operating Revenues (Expenses):</u>	
Interest Earned	611,868
Interest Expense and Fees	(306,208)
Total Non-Operating Revenues (Expenses)	<u>305,660</u>
Income (Loss) before Contributions and Transfers	395,283
Capital Contributions	<u>293,706</u>
Net Income	688,989
Fund Equity, Beginning	<u>32,875,459</u>
Fund Equity, Ending	<u>\$ 33,564,448</u>

PITTSFIELD CHARTER TOWNSHIP
Statement of Cash Flows
Proprietary Funds
For the Year December 31, 2007

	<u>Business Type Activity Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers and users	\$ 9,254,225
Payments to suppliers	(7,881,696)
Payments to employees	(651,395)
Net Cash Provided (Used) by Operating Activities	<u>721,134</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital Contributions	293,706
Acquisition and Construction of Capital Assets	(1,164,412)
Principal Paid on Capital Debt	(260,000)
Interest Paid on Capital Debt	(306,208)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,436,914)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earned	<u>611,868</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(103,912)
Cash and Cash Equivalents, Beginning	<u>12,881,363</u>
Cash and Cash Equivalents, Ending	\$ <u><u>12,777,451</u></u>
<u>Balance Sheet Classifications:</u>	
Cash and Cash Equivalents	\$ 7,090,845
Restricted Assets - Cash and Cash Equivalents	<u>5,686,606</u>
Total	\$ <u><u>12,777,451</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>	
Operating Income (Loss)	\$ 89,623
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	795,467
(Increase) Decrease in Receivables	(59,807)
(Increase) Decrease in Inventory	38,379
(Increase) Decrease in Prepaid Expense	(37,708)
Increase (Decrease) in Accounts Payable	76,396
Increase (Decrease) in Accrued Liabilities	(43,256)
Increase (Decrease) in Contracts Payable	(148,178)
Increase (Decrease) in Due to Other Funds	2,573
Increase (Decrease) in Due to Other Governmental Units	7,645
Net Cash Provided (Used) by Operating Activities	\$ <u><u>721,134</u></u>

PITTSFIELD CHARTER TOWNSHIP
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,251,849
LIABILITIES	
Due to Other	<u>6,251,849</u>
NET ASSETS	<u>\$ -</u>

PITTSFIELD CHARTER TOWNSHIP
Statement of Net Assets - Component Units
December 31, 2007

	<u>Economic Development Corporation</u>	<u>Housing Commission</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>10,544</u>	\$ <u>120,123</u>	\$ <u>130,667</u>
<u>LIABILITIES</u>			
Accrued Liabilities	-	18,770	18,770
Due to Primary Government	<u>1,009</u>	<u>101,353</u>	<u>102,362</u>
Total Liabilities	<u>1,009</u>	<u>120,123</u>	<u>121,132</u>
<u>NET ASSETS</u>			
Unrestricted	\$ <u><u>9,535</u></u>	\$ <u><u>-</u></u>	\$ <u><u>9,535</u></u>

PITTSFIELD CHARTER TOWNSHIP
Statement of Activities - Component Units
For the Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Economic Development Corporation</u>	<u>Housing Commission</u>	<u>Total</u>
Economic Development Corporation	\$ 2,078	\$ -	\$ -	\$ -	\$ (2,078)	\$ -	\$ (2,078)
Housing Commission	600,113	-	593,020	-	-	(7,093)	(7,093)
Total	<u>\$ 602,191</u>	<u>\$ -</u>	<u>\$ 593,020</u>	<u>\$ -</u>	<u>(2,078)</u>	<u>(7,093)</u>	<u>(9,171)</u>
General Revenues:							
Unrestricted Investment Earnings					490	5,193	5,683
Change in Net Assets					(1,588)	(1,900)	(3,488)
Net Assets - Beginning					11,123	1,900	13,023
Net Assets - Ending					<u>\$ 9,535</u>	<u>\$ -</u>	<u>\$ 9,535</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Pittsfield Township became a Charter Township by a vote of the electorate on August 15, 1972. The Township is operated by an elected seven member Township Board and provides the following services as authorized by law: public safety (police and fire), sanitation, community development, culture-recreation, public improvements, planning and zoning, water and sewerage system and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Pittsfield Charter Township and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. Each blended and discretely presented component unit has a December 31, 2007 year end.

Blended Component Units

The Charter Township of Pittsfield Historical Commission was formed to promote Township identity through public awareness of the history of Pittsfield Township. The members of the Commission's board are appointed by the Township Supervisor with approval of the Township Board. The Township Board is also responsible for the approval of the Commission's operating budget.

Discretely Presented Component Units

Pittsfield Township Economic Development Corporation

The Pittsfield Township Economic Development Corporation was formed to assist economic activity in the Township, primarily through the issuance of tax exempt bonds. The Township has no obligation to fund deficits of the corporation nor does it guarantee its debt. Members of the Economic Development Corporation's board of directors are appointed by the Township's Board of Trustees.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

Pittsfield Township Housing Commission

The Housing Commission was formed to assist low income and senior citizens of the Township to obtain federally subsidized housing. The Commission participates in the U.S. Housing and Urban Development's "Section 8" voucher program.

The Township Board of Trustees appoints members of the Commission, but does not approve its budgets and is not obligated to fund any operating deficits.

Complete financial statements of the Pittsfield Township Housing Commission component unit can be obtained at the Pittsfield Charter Township Administrative Offices, 6201 W. Michigan Avenue, Ann Arbor, MI 48108.

The above component units are discretely presented within the Township financial statements because they are legally separate and financially accountable to the Township. Financial accountability is demonstrated by the Township Board making the appointments to the respective boards, approving the annual operating budgets and any amendments of each component unit and approving development and financing plans of the EDC, and Housing Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements – Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Public Safety Special Revenue Fund accounts for the public safety millage revenue and related expenditures.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital projects funds are used to account for bond proceeds and their related expenditures.

Proprietary Fund

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township Commission has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise fund is the Water and Sewer Fund, which is reported as a major fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund type:

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fiduciary Funds – Continued

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts</u>
	<u>Receivable</u>
Total	\$1,201,658
Less Allowance for Doubtful Accounts	<u>(85,000)</u>
Net Realizable Value	<u>\$1,116,658</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

3. Inventory

Inventories are valued at cost using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-30
Equipment	5-20
Infrastructure	15-30

5. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at December 31, 2007 is \$1,030,200.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$9,743,854 difference are as follows:

General Obligation Bonds and Contracts Payable	\$ 8,713,654
Compensated Absences Payable	<u>1,030,200</u>
	<u>\$ 9,743,854</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$5,407,330 difference are as follows:

Capital Outlay	\$ 6,510,640
Capital Outlay recorded in departments	229,315
Disposal of Assets	(72,967)
Depreciation Expense	<u>(1,259,658)</u>
	<u>\$ 5,407,330</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$207,870 difference are as follows:

Principal Repayments	\$ 896,585
Compensated Absences Increase	(94,282)
Additional Long-Term Debt	<u>(594,433)</u>
	<u>\$ 207,870</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

A. Budgetary Information – Continued

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to December 15, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution.
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

As of December 31, 2007, the Township has a deficit fund balance of \$85,531 in the Building Department Special Revenue Fund, which is a result of decreased building activity within the Township. The Township has filed a deficit elimination plan with the State as required.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

Actual expenditures exceeded the appropriations in the General Fund capital outlay department by \$747,584. This was due to the accounting for the purchase of property.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of December 31, 2007, the Township's book balance of its deposits was \$33,820,297. The bank balance was \$33,591,932 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 500,000
Collateralized	5,548,928
Uninsured and Uncollateralized	<u>27,543,004</u>
Total	<u>\$ 33,591,932</u>

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>FDIC Insured</u>
Pittsfield Township Housing Authority	\$120,123	\$120,123	\$ -
Pittsfield Township E.D.C	<u>10,544</u>	<u>10,544</u>	-
	<u>\$130,667</u>	<u>\$130,667</u>	<u>\$ -</u>

A reconciliation of cash of the primary government to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$21,881,842
Restricted Assets-Cash	5,686,606
Fiduciary Fund:	
Cash	<u>6,251,849</u>
Total	<u>\$ 33,820,297</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's and the Component Units' deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 3,160,587	Demand
Pooled Investments	\$18,306,663	Demand
Certificates of Deposit	\$12,124,682	33 days
Component Units:		
Checking Accounts	\$ 120,123	Demand
Pooled Investments	\$ 10,544	Demand

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, and certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 14,841,942	\$ 6,067,600	\$ -	\$ 20,909,542
Capital Assets, being depreciated:				
Building and Improvements	6,160,928	109,384	-	6,270,312
Machinery and Equipment	6,474,639	384,680	(339,469)	6,519,850
Infrastructure	10,696,719	178,291	-	10,875,010
	<u>23,332,286</u>	<u>672,355</u>	<u>(339,469)</u>	<u>23,665,172</u>
Intangible Assets, being Amortized:				
Intangible-Flow Rights	<u>412,706</u>	<u>-</u>	<u>-</u>	<u>412,706</u>
Less: Accumulated Depreciation and Amortization				
Building and Improvements	(1,986,901)	(220,514)	-	(2,207,415)
Machinery and Equipment	(3,991,610)	(566,498)	266,502	(4,291,606)
Infrastructure & Intangibles	<u>(7,519,039)</u>	<u>(472,646)</u>	<u>-</u>	<u>(7,991,685)</u>
	<u>(13,497,550)</u>	<u>(1,259,658)</u>	<u>266,502</u>	<u>(14,490,706)</u>
Governmental Activities Capital Assets, net	<u>\$ 25,089,384</u>	<u>\$ 5,480,297</u>	<u>\$ (72,967)</u>	<u>\$ 30,496,714</u>

Depreciation expense was charged to functions programs of the primary government as follows:

General Government	\$ 192,424
Public Safety	554,265
Planning & Zoning	5,637
Public Works	439,946
Recreation and Cultural	<u>67,386</u>
	<u>\$1,259,658</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 510,118	\$ -	\$ -	\$ 510,118
Capital Assets, being depreciated:				
Building	949,314	-	-	949,314
Infrastructure	40,162,157	1,111,983	-	41,274,140
Machinery and Equipment	606,882	52,430	(36,501)	622,811
	<u>41,718,353</u>	<u>1,164,413</u>	<u>(36,501)</u>	<u>42,846,265</u>
Less: Accumulated Depreciation:				
Building	(189,864)	(31,644)	-	(221,508)
Infrastructure	(11,996,987)	(687,158)	-	(12,684,145)
Machinery and Equipment	<u>(353,359)</u>	<u>(35,165)</u>	<u>-</u>	<u>(388,524)</u>
	<u>(12,540,210)</u>	<u>(753,967)</u>	<u>-</u>	<u>(13,294,177)</u>
Business-type Activities				
Capital Assets, net	<u>\$ 29,688,261</u>	<u>\$ 410,446</u>	<u>\$ (36,501)</u>	<u>\$ 30,062,206</u>

C. Interfund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Building Dept	\$ 182,128
Refuse	Water and Sewer	87,863
		<u>\$ 269,991</u>

The interfund balances represent routine and temporary cash flow assistance.

<u>Transfers In</u>	<u>Transfers Out</u>	
Carpenter Road Debt Service	General Fund	<u>\$ 17,012</u>

The transfer from the General Fund to the Carpenter Road Debt Service Fund represents the general obligation portion of the debt repayment.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2007:

	<u>Balance</u> <u>Jan 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec 31, 2007</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Installment Notes (Act 99)	\$ 5,820,000	\$ 594,433	\$ 450,000	\$ 5,964,433	\$ 797,217
Special Assessments	2,030,000	-	340,000	1,690,000	295,000
Drain Assessments	1,165,806	-	106,585	1,059,221	106,585
Compensated Absences	935,918	94,282	-	1,030,200	-
	<u>\$ 9,951,724</u>	<u>\$ 688,715</u>	<u>\$ 896,585</u>	<u>\$ 9,743,854</u>	<u>\$ 1,198,802</u>
Business Activities:					
Bonds Payable	\$ 8,100,000	\$ -	\$ 260,000	\$ 7,840,000	\$ 275,000
Less: Unamortized Discount	(98,500)	5,000	-	(93,500)	-
	<u>\$ 8,001,500</u>	<u>\$ 5,000</u>	<u>\$ 260,000</u>	<u>\$ 7,746,500</u>	<u>\$ 275,000</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2007:

	<u>Number</u> <u>of Issues</u>	<u>Interest</u> <u>Rate</u>	<u>Maturing</u> <u>Through</u>	<u>Principal</u> <u>Outstanding</u>
Governmental Activities:				
Installment Notes (Act 99)	2	5.30%	2014	\$ 5,964,433
Special Assessments	5	3.30%-5.60%	2015	1,690,000
Drain Assessments	2	1.625%-5.00%	2026	1,059,221
Compensated Absences	N/A			1,030,200
				<u>\$ 9,743,854</u>
Business Activities:				
Bonds Payable	2	2.75%-4.70%	2029	\$ 7,840,000
Less: Unamortized Discount				(93,500)
				<u>\$ 7,746,500</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The annual debt service requirements to maturity for debt outstanding as of December 31, 2007 is as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 1,198,802	\$ 383,334	\$ 275,000	\$ 297,671
2009	1,323,801	335,828	280,000	289,130
2010	1,077,534	282,922	295,000	280,036
2011	1,182,531	225,444	300,000	270,166
2012	1,117,531	166,634	315,000	259,666
2013-2017	2,611,835	167,770	1,450,000	1,137,299
2018-2022	108,856	12,905	1,710,000	856,034
2023-2027	92,764	3,799	2,180,000	463,333
2028-2029	-	-	1,035,000	45,042
	<u>\$ 8,713,654</u>	<u>\$ 1,578,636</u>	<u>\$ 7,840,000</u>	<u>\$ 3,898,377</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at December 31, 2007, is presented below:

	General	Special Revenue	Debt Service	Capital Projects
Reserved for:				
Capital Projects	\$ -	\$ -	\$ -	\$ 85,451
Debt Service	-	-	1,130,355	-
Other	42,878	50,083	-	-
Total Reserved	<u>42,878</u>	<u>50,083</u>	<u>1,130,355</u>	<u>85,451</u>
Unreserved:				
Designated for:				
Subsequent Year	785,545	30,000	-	-
Prepaid Expenditures	21,789	1,112	-	-
Land Acquisition	-	-	-	-
Contingencies	-	-	-	-
Capital Improvements	-	-	-	-
Retiree Benefits	537,123	-	-	-
Total Designated	<u>1,344,457</u>	<u>31,112</u>	<u>-</u>	<u>-</u>
Undesignated	<u>3,414,161</u>	<u>8,143,050</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 4,801,496</u>	<u>\$ 8,224,245</u>	<u>\$ 1,130,355</u>	<u>\$ 85,451</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

F. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Term</u>	<u>Pre- Rollback Auth. Rate</u>	<u>Post Rollback Auth. Rate</u>	<u>Rate Levied</u>
Operating	Voter Approved	N/A	5.0000	4.1561	3.7154
Public Safety	Voter Approved	2002-2011	1.0000	0.9941	0.9941
Parks and Rec.	Voter Approved	1996-2006	0.5000	0.4855	0.4855
Total				5.6357	5.1950

V. OTHER INFORMATION

A. Employee Retirement Systems and Plans

1. Defined Benefit Plan

The Township contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers all full time employees of the Township. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non duty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2006.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 447 N. Canal St., Lansing, Michigan 48917-9755.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

V. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

2. Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was a percentage of annual compensation at December 31, 2005 as follows:

Admin-Union	3.93%
Admin Non-Union	6.40%
Patrol Officers	4.82%
Firefighters	6.79%
Elected Officials	15.28%
Dispatchers	2.20%
Police Command	16.63%

3. Annual Pension Cost

During the fiscal year ended December 31, 2007, the Township's contributions totaling \$472,566 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2005. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Pension Year Ended <u>Dec. 31</u>	<u>Three Year Trend Information</u>			
	Valuation Date <u>Dec. 31</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
2005	2003	\$357,073	100%	\$ -0-
2006	2004	416,355	100%	-0-
2007	2005	472,566	100%	-0-

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

V. OTHER INFORMATION – Continued

B. Post Retirement Health Care Benefits

In addition to providing pension benefits, the Township provides certain health care insurance benefits to all full time employees of the Township. All eligible full time employees who retire at normal retirement age, are entitled to receive these benefits during their retirement. Currently 7 retirees are covered by this plan. These benefits are expensed in the year paid, on a pay-as-you-go basis. For the year ended December 31, 2007, these costs amounted to \$98,343. The basis for these payments are the agreements with employee groups through collective bargaining as well as the Township's personnel policy.

In 2007, the Township authorized utilizing the MERS Health Care Savings Plan Trust Fund, established under Section 115 of the Internal Revenue Code and Public Act 149 of 1999, to prefund future retiree health care benefits. The Township contributed the actuarially determined amount of \$516,778 to the fund in the current year.

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The new pronouncement is effective for the Township's fiscal year ending December 31, 2008. The new pronouncement changes how local units of government recognize the cost of retiree health care, as well as any other postemployment benefits other than pension benefits. Under the new rules, the Township will record the actuarially determined liability for retiree healthcare in the government-wide financial statements, as well as an asset for the amount that is currently funded. This recognizes the cost of providing other postemployment benefits over the active working life of the employees, rather than at the time that the benefits are being paid.

C. Risk Management

The Township purchases insurance coverage through traditional means. The Township's property and liability and workers compensation coverages are on file in the Risk Manager's office.

REQUIRED SUPPLEMENTARY INFORMATION

Pittsfield Charter Township
Required Supplemental Information
Defined Benefit Pensions Plans Trend Information (Unaudited)
December 31, 2007

Municipal Employees Retirement System
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/97	\$1,827,266	\$ 3,105,629	\$1,278,363	59%	\$2,598,644	49%
12/31/98	2,307,455	3,778,507	1,471,052	61	2,886,184	51
12/31/99	2,887,981	4,202,782	1,314,801	69	3,356,500	39
12/31/00	3,462,677	5,038,816	1,576,139	69	3,648,928	43
12/31/01	4,176,971	5,900,412	1,723,441	71	4,078,516	42
12/31/02	4,826,738	6,638,884	1,812,146	73	4,515,902	40
12/31/03	5,826,387	8,233,918	2,407,531	71	5,189,309	46
12/31/04	6,750,466	9,711,666	2,961,200	70	5,344,918	55
12/31/05	7,755,416	10,943,440	3,188,024	71	5,776,668	55
12/31/06	9,015,922	12,681,900	3,665,978	71	6,008,307	61

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2006, the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases Includes inflation at 4.5%	4.50-12.90%
Cost of living adjustments	None

PITTSFIELD CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
General Property Taxes	\$ 6,467,270	\$ 6,467,270	\$ 6,471,030	\$ 3,760
Licenses and Permits	64,000	64,000	102,889	38,889
Intergovernmental - State and Local	2,190,500	2,190,500	2,180,513	(9,987)
Charges for Services	1,107,800	1,107,800	1,088,913	(18,887)
Franchise Fees	-	-	398,908	398,908
Fines	120,000	120,000	136,941	16,941
Interest	300,000	370,200	798,583	428,383
Reimbursements	399,500	399,500	274,212	(125,288)
Donations	-	-	748,350	748,350
Other Revenues	340,022	340,022	508,129	168,107
Total Revenues	10,989,092	11,059,292	12,708,468	1,649,176
Expenditures:				
General Government:				
Township Board	47,500	27,500	25,737	1,763
Township Supervisor	159,890	141,953	130,735	11,218
Elections	55,456	55,456	31,930	23,526
Accounting Dept.	142,620	152,620	127,979	24,641
Assessor	303,436	303,556	303,180	376
Township Clerk	260,009	255,809	222,766	33,043
Personnel Dept.	228,452	228,452	181,047	47,405
Purchasing Dept.	31,240	31,240	29,703	1,537
Board of Review	2,200	2,600	2,600	-
Administrative Dept.	114,000	114,000	107,813	6,187
Professional Services	111,000	120,297	120,230	67
Treasurer's Dept.	225,968	225,968	222,111	3,857
Network Administrator	110,700	70,700	45,775	24,925
Information Technology	90,000	90,000	36,086	53,914
Building and Grounds	312,451	354,350	233,342	121,008
Phase II EPA - DEQ Compliance	100,250	124,450	107,105	17,345
Total General Government	2,295,172	2,298,951	1,928,139	370,812
Public Safety:				
Police	3,708,663	3,778,663	3,749,733	28,930
Fire	2,322,743	2,322,743	2,118,452	204,291
Property Maintenance Inspections	52,400	94,400	90,197	4,203
Total Public Safety	6,083,806	6,195,806	5,958,382	237,424
Planning and Zoning	382,800	372,800	300,983	71,817
Code Enforcement	38,250	61,450	59,271	2,179
Highways, Streets and Drains	592,500	553,985	477,685	76,300
Parks and Recreation	767,578	767,578	631,041	136,537
Housing Commission	8,500	9,320	9,251	69
Historical Commission	2,625	12,625	4,208	8,417
Debt Service:				
Principal	180,000	180,000	180,000	-
Interest and Other Charges	118,614	118,614	118,614	-
Total Debt Service	298,614	298,614	298,614	-
Capital Outlay	-	5,455,234	6,202,818	(747,584)
Other Functions	962,813	1,476,203	1,454,410	21,793
Total Expenditures	11,432,658	17,502,566	17,324,802	177,764

(continued)

PITTSFIELD CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(443,566)</u>	\$ <u>(6,443,274)</u>	\$ <u>(4,616,334)</u>	\$ <u>1,826,940</u>
Other Financing Sources (Uses):				
Loan Proceeds	-	-	594,433	594,433
Operating Transfers Out	<u>(17,012)</u>	<u>(17,012)</u>	<u>(17,012)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(17,012)</u>	<u>(17,012)</u>	<u>577,421</u>	<u>594,433</u>
Change in Fund Balance	\$ <u><u>(460,578)</u></u>	\$ <u><u>(6,460,286)</u></u>	(4,038,913)	\$ <u><u>2,421,373</u></u>
Fund Balance - January 1			<u>8,840,409</u>	
Fund Balance - December 31			\$ <u><u>4,801,496</u></u>	

PITTSFIELD CHARTER TOWNSHIP
Public Safety Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<u>Revenues:</u>				
Property Taxes	\$ 1,722,369	\$ 1,722,369	\$ 1,725,820	\$ 3,451
Interest	<u>30,000</u>	<u>30,000</u>	<u>234,590</u>	<u>204,590</u>
Total Revenues	<u>1,752,369</u>	<u>1,752,369</u>	<u>1,960,410</u>	<u>208,041</u>
<u>Expenditures:</u>				
Public Safety	947,307	947,307	716,812	230,495
Capital Outlay	<u>748,000</u>	<u>748,000</u>	<u>84,089</u>	<u>663,911</u>
Total Expenditures	<u>1,695,307</u>	<u>1,695,307</u>	<u>800,901</u>	<u>894,406</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u><u>57,062</u></u>	\$ <u><u>57,062</u></u>	1,159,509	\$ <u><u>1,102,447</u></u>
Fund Balance - January 1			<u>3,732,097</u>	
Fund Balance - December 31			\$ <u><u>4,891,606</u></u>	

OTHER SUPPLEMENTARY INFORMATION

PITTSFIELD CHARTER TOWNSHIP
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,513,380	\$ 1,130,355	\$ 85,451	\$ 4,729,186
Accounts Receivable	55,370	-	-	55,370
Special Assessments Receivable	-	2,340,627	-	2,340,627
Due from Other Funds	87,863	-	-	87,863
Prepaid Expenditures	133	-	-	133
Total Assets	<u>\$ 3,656,746</u>	<u>\$ 3,470,982</u>	<u>\$ 85,451</u>	<u>\$ 7,213,179</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 129,403	\$ -	\$ -	\$ 129,403
Accrued Liabilities	4,998	-	-	4,998
Due to Other Funds	182,128	-	-	182,128
Deferred Revenue	-	2,340,627	-	2,340,627
Deposits	7,578	-	-	7,578
Total Liabilities	<u>324,107</u>	<u>2,340,627</u>	<u>-</u>	<u>2,664,734</u>
Fund Balance:				
Reserved for :				
Capital Projects	-	-	85,451	85,451
Debt Service	-	1,130,355	-	1,130,355
Other	50,083	-	-	50,083
Unreserved	3,282,556	-	-	3,282,556
Total Fund Balance	<u>3,332,639</u>	<u>1,130,355</u>	<u>85,451</u>	<u>4,548,445</u>
Total Liabilities and Fund Balance	<u>\$ 3,656,746</u>	<u>\$ 3,470,982</u>	<u>\$ 85,451</u>	<u>\$ 7,213,179</u>

PITTSFIELD CHARTER TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property Taxes	\$ 843,169	\$ -	\$ -	\$ 843,169
Special Assessments	-	499,928	-	499,928
Licenses and Permits	381,275	-	-	381,275
Charges for Services	947,047	-	-	947,047
Interest	119,606	58,707	4,022	182,335
Other	278,654	-	-	278,654
Total Revenues	<u>2,569,751</u>	<u>558,635</u>	<u>4,022</u>	<u>3,132,408</u>
Expenditures:				
Public Safety	425,714	-	-	425,714
Public Works	976,256	-	-	976,256
Recreation and Cultural	33,229	-	-	33,229
Other	5,720	181,560	-	187,280
Debt Service:				
Principal	270,000	446,585	-	716,585
Interest and Other Charges	177,921	133,203	-	311,124
Capital Outlay	223,733	-	-	223,733
Total Expenditures	<u>2,112,573</u>	<u>761,348</u>	<u>-</u>	<u>2,873,921</u>
Excess (Deficiency) of Revenues Over Expenditures	457,178	(202,713)	4,022	258,487
Other Financing Sources:				
Operating Transfers In	<u>-</u>	<u>17,012</u>	<u>-</u>	<u>17,012</u>
Change in Fund Balances	457,178	(185,701)	4,022	275,499
Fund Balances - January 1	<u>2,875,461</u>	<u>1,316,056</u>	<u>81,429</u>	<u>4,272,946</u>
Fund Balances - December 31	<u>\$ 3,332,639</u>	<u>\$ 1,130,355</u>	<u>\$ 85,451</u>	<u>\$ 4,548,445</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2007

	<u>Refuse Collection</u>	<u>Parks & Recreation Millage</u>	<u>Tree Mitigation</u>	<u>Building Department</u>
<u>ASSETS</u>				
Cash	\$ 174,639	\$ 664,247	\$ 241,490	\$ 104,073
Accounts Receivable	-	-	-	560
Due from Other Funds	87,863	-	-	-
Prepaid Expenditures	-	-	-	133
	<u>-</u>	<u>-</u>	<u>-</u>	<u>133</u>
Total Assets	<u>\$ 262,502</u>	<u>\$ 664,247</u>	<u>\$ 241,490</u>	<u>\$ 104,766</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 80,731	\$ 39,786	\$ -	\$ 3,171
Accrued Liabilities	-	-	-	4,998
Due to Other Funds	-	-	-	182,128
Deposits	7,578	-	-	-
	<u>7,578</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>88,309</u>	<u>39,786</u>	<u>-</u>	<u>190,297</u>
Fund Balance:				
Reserved for Recycling	50,083	-	-	-
Unreserved:				
Designated for Subsequent				
Years Expenditures	30,000	-	-	-
Undesignated (Deficit)	94,110	624,461	241,490	(85,531)
	<u>94,110</u>	<u>624,461</u>	<u>241,490</u>	<u>(85,531)</u>
Total Fund Balance	<u>174,193</u>	<u>624,461</u>	<u>241,490</u>	<u>(85,531)</u>
Total Liabilities and Fund Balance	<u>\$ 262,502</u>	<u>\$ 664,247</u>	<u>\$ 241,490</u>	<u>\$ 104,766</u>

<u>Budget Stabilization</u>	<u>Land Preservation</u>	<u>E 911 Service</u>	<u>Total</u>
\$ 965,000	\$ 52	\$ 1,363,879	\$ 3,513,380
-	-	54,810	55,370
-	-	-	87,863
-	-	-	133
<u>\$ 965,000</u>	<u>\$ 52</u>	<u>\$ 1,418,689</u>	<u>\$ 3,656,746</u>

\$ -	\$ -	\$ 5,715	\$ 129,403
-	-	-	4,998
-	-	-	182,128
-	-	-	7,578
<u>-</u>	<u>-</u>	<u>5,715</u>	<u>324,107</u>
-	-	-	50,083
-	-	-	30,000
<u>965,000</u>	<u>52</u>	<u>1,412,974</u>	<u>3,252,556</u>
<u>965,000</u>	<u>52</u>	<u>1,412,974</u>	<u>3,332,639</u>
<u>\$ 965,000</u>	<u>\$ 52</u>	<u>\$ 1,418,689</u>	<u>\$ 3,656,746</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

	<u>Refuse Collection</u>	<u>Parks & Recreation Millage</u>	<u>Tree Mitigation</u>	<u>Building Department</u>
<u>Revenues:</u>				
Taxes	\$ -	\$ 843,169	\$ -	\$ -
Refuse Billings	947,047	-	-	-
Permit Fees	-	-	-	381,275
Surcharge Revenue	-	-	-	-
Interest Earned	10,992	34,903	11,530	3,148
Other	-	-	-	25,352
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,352</u>
Total Revenues	<u>958,039</u>	<u>878,072</u>	<u>11,530</u>	<u>409,775</u>
<u>Expenditures:</u>				
Sanitation	976,256	-	-	-
Public Safety	-	-	-	416,408
Parks & Recreation	-	33,229	-	-
Other	-	-	5,720	-
Debt Service:				
Principal	-	270,000	-	-
Interest and Other Charges	-	177,921	-	-
Capital Outlay	-	223,733	-	-
	<u>-</u>	<u>223,733</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>976,256</u>	<u>704,883</u>	<u>5,720</u>	<u>416,408</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,217)	173,189	5,810	(6,633)
Fund Balance - January 1	<u>192,410</u>	<u>451,272</u>	<u>235,680</u>	<u>(78,898)</u>
Fund Balance(Deficit) - December 31	<u>\$ 174,193</u>	<u>\$ 624,461</u>	<u>\$ 241,490</u>	<u>\$ (85,531)</u>

<u>Budget Stabilization</u>	<u>Land Preservation</u>	<u>E 911 Service</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 843,169
-	-	-	947,047
-	-	-	381,275
-	-	253,252	253,252
-	2	59,031	119,606
-	50	-	25,402
<u>-</u>	<u>52</u>	<u>-</u>	<u>2,569,751</u>
-	-	-	-
-	-	-	976,256
-	-	9,306	425,714
-	-	-	33,229
-	-	-	5,720
-	-	-	270,000
-	-	-	177,921
-	-	-	223,733
<u>-</u>	<u>-</u>	<u>9,306</u>	<u>2,112,573</u>
-	52	302,977	457,178
<u>965,000</u>	<u>-</u>	<u>1,109,997</u>	<u>2,875,461</u>
\$ <u><u>965,000</u></u>	\$ <u><u>52</u></u>	\$ <u><u>1,412,974</u></u>	\$ <u><u>3,332,639</u></u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2007

	<u>1990 Roads</u>	<u>1991 Water & Sewer</u>	<u>Carpenter Road Drain</u>	<u>Mallets Creek</u>	<u>Textile Road Water</u>
<u>ASSETS</u>					
Cash	\$ -	\$ 564,467	\$ 167,903	\$ 14,873	\$ 67,824
Special Assessments Receivable:					
Current	-	18,404	82,408	27,444	30,407
Future Billings	<u>-</u>	<u>36,996</u>	<u>386,242</u>	<u>360,244</u>	<u>27,440</u>
Total Assets	\$ <u>-</u>	\$ <u>619,867</u>	\$ <u>636,553</u>	\$ <u>402,561</u>	\$ <u>125,671</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Deferred Revenue	\$ -	\$ 55,400	\$ 468,650	\$ 387,688	\$ 57,847
Fund Balance:					
Reserved For Debt Service	<u>-</u>	<u>564,467</u>	<u>167,903</u>	<u>14,873</u>	<u>67,824</u>
Total Liabilities and Fund Balance	\$ <u>-</u>	\$ <u>619,867</u>	\$ <u>636,553</u>	\$ <u>402,561</u>	\$ <u>125,671</u>

<u>Ellsworth Road East</u>	<u>State & Textile Road</u>	<u>Waters Place Road</u>	<u>Munger Road 2001</u>	<u>Ann Arbor/ Waters Road</u>	<u>Total</u>
\$ -	\$ 112,108	\$ 47,464	\$ 139,624	\$ 16,092	\$ 1,130,355
-	110,008	89,969	46,346	33,625	438,611
<u>-</u>	<u>486,006</u>	<u>413,392</u>	<u>110,696</u>	<u>81,000</u>	<u>1,902,016</u>
\$ <u>-</u>	\$ <u>708,122</u>	\$ <u>550,825</u>	\$ <u>296,666</u>	\$ <u>130,717</u>	\$ <u>3,470,982</u>
\$ -	\$ 596,014	\$ 503,361	\$ 157,042	\$ 114,625	\$ 2,340,627
<u>-</u>	<u>112,108</u>	<u>47,464</u>	<u>139,624</u>	<u>16,092</u>	<u>1,130,355</u>
\$ <u>-</u>	\$ <u>708,122</u>	\$ <u>550,825</u>	\$ <u>296,666</u>	\$ <u>130,717</u>	\$ <u>3,470,982</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2007

	<u>1990 Roads</u>	<u>1991 Water & Sewer</u>	<u>Carpenter Road Drain</u>	<u>Mallets Creek</u>	<u>Textile Road Water</u>
<u>Revenues:</u>					
Special Assessment Tax Levy	\$ -	\$ 22,185	\$ 86,690	\$ 22,456	\$ 32,507
Assessments Paid in Full	-	8,097	4,604	16,314	1,107
Interest Earned	-	26,228	8,421	425	3,398
	<u>-</u>	<u>26,228</u>	<u>8,421</u>	<u>425</u>	<u>3,398</u>
Total Revenues	<u>-</u>	<u>56,510</u>	<u>99,715</u>	<u>39,195</u>	<u>37,012</u>
<u>Expenditures:</u>					
Principal Retirement	-	-	88,600	17,985	50,000
Interest	-	-	35,396	6,706	5,525
Paying Agent Fees	-	-	-	-	300
Other	179,809	-	-	-	-
	<u>179,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>179,809</u>	<u>-</u>	<u>123,996</u>	<u>24,691</u>	<u>55,825</u>
Excess (Deficiency) of Revenues Over Expenditures	(179,809)	56,510	(24,281)	14,504	(18,813)
Other Financing Sources: Transfers In	<u>-</u>	<u>-</u>	<u>17,012</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	(179,809)	56,510	(7,269)	14,504	(18,813)
Fund Balance - January 1	<u>179,809</u>	<u>507,957</u>	<u>175,172</u>	<u>369</u>	<u>86,637</u>
Fund Balance - December 31	<u>\$ -</u>	<u>\$ 564,467</u>	<u>\$ 167,903</u>	<u>\$ 14,873</u>	<u>\$ 67,824</u>

Ellsworth Road East	State & Textile Road	Waters Place Road	Munger Road 2001	Ann Arbor/ Waters Road	Total
\$ 7,706	\$ 114,152	\$ 93,833	\$ 50,498	\$ 35,282	\$ 465,309
-	-	-	4,497	-	34,619
392	8,305	3,054	7,442	1,042	58,707
<u>8,098</u>	<u>122,457</u>	<u>96,887</u>	<u>62,437</u>	<u>36,324</u>	<u>558,635</u>
45,000	75,000	65,000	75,000	30,000	446,585
1,530	29,050	28,461	18,225	6,810	131,703
150	225	275	275	275	1,500
1,751	-	-	-	-	181,560
<u>48,431</u>	<u>104,275</u>	<u>93,736</u>	<u>93,500</u>	<u>37,085</u>	<u>761,348</u>
(40,333)	18,182	3,151	(31,063)	(761)	(202,713)
-	-	-	-	-	17,012
(40,333)	18,182	3,151	(31,063)	(761)	(185,701)
<u>40,333</u>	<u>93,926</u>	<u>44,313</u>	<u>170,687</u>	<u>16,853</u>	<u>1,316,056</u>
\$ <u>-</u>	\$ <u>112,108</u>	\$ <u>47,464</u>	\$ <u>139,624</u>	\$ <u>16,092</u>	\$ <u>1,130,355</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2007

	<u>Munger Road 2001</u>	<u>State & Textile Road</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ <u>44,708</u>	\$ <u>40,743</u>	\$ <u>85,451</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Fund Balance:			
Reserved for Construction	<u>44,708</u>	<u>40,743</u>	<u>85,451</u>
 Total Liabilities and Fund Balance	\$ <u>44,708</u>	\$ <u>40,743</u>	\$ <u>85,451</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

	<u>Munger Road 2001</u>	<u>State & Textile Road</u>	<u>Total</u>
<u>Revenues:</u>			
Interest Income	\$ 2,104	\$ 1,918	\$ 4,022
<u>Expenditures:</u>			
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	2,104	1,918	4,022
Fund Balance - January 1	<u>42,604</u>	<u>38,825</u>	<u>81,429</u>
Fund Balance - December 31	\$ <u><u>44,708</u></u>	\$ <u><u>40,743</u></u>	\$ <u><u>85,451</u></u>